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2 July 1964

**MEMORANDUM FOR: Chief, Administrative Staff, OCI**

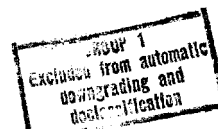
**SUBJECT : Major Developments in the Sino-Soviet Bloc in FY 1964**

1. The steady deterioration of relations between Moscow and Peiping during FY 1964 and the effects of that rift throughout the Communist world were reported in detail in current intelligence publications. Coverage highlighted such developments as the Soviet effort in the fall of 1963 to call a halt to public polemics, Moscow's resumption of polemics in April 1964 after a five-month self-imposed moratorium, Chinese reaction to the nuclear test ban treaty of mid-1963, and tightening of security by both sides along the Sino-Soviet border. The publications also dealt with efforts by both the Soviet and Chinese parties to win support for their positions among other Communist parties throughout the world.

2. In this connection special attention was paid to Premier Chou En-lai's extensive travels in Africa in late 1963-early 1964, which left favorable impressions in many of the countries he visited and paved the way for future Chinese advances on that continent. Soviet Premier Khrushchev's visit to Egypt in May 1964--aimed at countering Chou En-lai's trip--was also covered. Other Khrushchev trips during the year included one to Yugoslavia in late summer 1963 and to Scandinavia in June 1964.

3. The USSR's agricultural failure in 1963 and Moscow's purchase abroad of substantial quantities of grain were reported in detail as was Khrushchev's plan to solve the agricultural problem by an ambitious build-up of the chemical industry, primarily for the

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production of fertilizer. Communist China's economy during the year remained stagnant and Peiping, too, had again to purchase grain in foreign markets.

4. A considerable volume of reporting dealt with military developments throughout the Sino-Soviet bloc. Research and development programs in both conventional and advanced weapons were covered as well as deployment of forces and weapons systems for both offensive and defensive purposes. Attention was particularly devoted to reporting any indications that the Chinese Communists were preparing to test their first nuclear device. Soviet activities in space--earth orbital vehicles and planetary probes--were thoroughly analyzed and fully reported.

5. The extent and nature of the Soviet presence in Cuba has been (and still is) a matter of considerable concern. By continuing overflights of Cuba and observations of inbound and outbound bloc shipping, it has been possible to keep track of Soviet force levels on the island and to get a good picture of Soviet intentions with respect to Cuba. At the start of FY 1964, the USSR apparently decided to turn over operational control of the air defense system, including surface-to-air missiles, to the Cubans. Training started in the fall, and, by the year's end, the turnover was nearly complete. As the turnover proceeded, Soviet personnel were withdrawn and presumably those Soviets remaining will function as an advisory and training group. Toward the end of the year, the USSR and Cuba were engaged in a concerted campaign to bring about a cessation of US overflights of the island.

6. Coverage of changes in the intellectual climate throughout the bloc included analyses of trends in the spread of liberal ideas among intellectuals and of efforts by the various bloc leaders to keep the intellectuals under control.

7. In Berlin and East Germany there were several incidents which raised East-West tensions. Two US military aircraft which strayed into East zone airspace were shot down by Soviet fighters. In the fall of 1963 tensions rose over Soviet interference

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Soviet interference with Allied convoys on the Berlin-West Germany autobahns over procedural matters. And near the end of the fiscal year, East German Party Secretary Ulbricht returned to East Germany after his third visit of the year to Moscow with a 20 year friendship treaty. The treaty was clearly intended to give Soviet support to Ulbricht and to advance his claims of East German sovereignty.

8. During the year policies based on national self-interest came to the fore in several East European nations. Most notable was the case of Rumania, which openly objected to certain policies proposed by the Soviet-dominated bloc economic council and which launched a "Rumania for Rumanians" campaign at home with strong anti-Soviet overtones. A special study was prepared on Rumanian's susceptibility to Soviet bloc pressures and sanctions.

9. The current publications reported in detail on bloc policies toward Southeast Asia and on North Vietnamese support of Communist ventures in South Vietnam and Laos. Particularly close watch was kept (and is being kept) on military movements in the South China border areas which could point to a buildup for active involvement in Southeast Asia.

10. Other coverage during the year included bloc trade with the Free World, the Soviet drive for credits in the West, bloc foreign economic and military aid programs, and the effects of the French recognition of China in January of 1964.

  
Acting Chief, Sino-Soviet Bloc Area

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